

1948 LOSS ADJUSTMENT MANUAL FOR COTTON

SECTION I - ORGANIZATION

A. General

1. The importance of the loss adjustment phase of crop insurance cannot be over-emphasized. This contact with the insured enables the Corporation to demonstrate how the program works as a means of protection against unavoidable crop failure. Loss adjustment offers the adjuster an excellent opportunity to sell the basic ideas of crop insurance. A thorough explanation of each step in adjusting the loss can result in a better understanding of the contract and avoid misunderstanding which could seriously affect the reaction of the insured to the insurance program in future years.

Adjustment of losses consists of more than simply determining the production and the acreage. All decisions made must be consistent with the provisions of the contract and these instructions. In the case of every loss being adjusted consideration should be given to the question of whether or not the loss resulted from an insurable cause.

Even in connection with determining the amount of production, the mere examination of gin records or evidences of sale does not fully establish the production. These are simply pieces of evidence. They represent a minimum - not necessarily the full production. The contract places upon the insured the burden of proof that the loss resulted from an insured cause. The contract places upon the insured the responsibility for proving the amount of loss. It is the adjuster's job to determine from all sources available whether the full production has been reported by the insured. In doing so he should give consideration to general crop conditions in the area and to the production of other farms in the area and the available evidence as to the condition of the crop on the insurance unit.

All factors entering into the establishment of the amount of loss shall be carefully and impartially considered. There is no place in the adjustment work for bargaining. The adjuster should make his decisions carefully with all the facts in mind and should not attempt to bargain with the insured but should use tact and good judgment in his dealings with the insured.

Accurate and impartial adjustment of losses is essential. The payment of unjust losses under the contract will be at the future expense of all insured farmers in the county through the effect on premium rates.

2. All persons, other than the state director, connected with the loss adjustment work shall refrain from making any statement to the insured or his agent either admitting or denying the liability of the Corporation for any claim made by the insured.

B. State Crop Insurance Director

1. The Director is responsible for the supervision and coordination of the adjustment of losses within his area. Where necessary he shall authorize the appointment of adjusters. He shall assist with adjustments as conditions require. He shall be certain that persons engaged in loss adjustment are adequately trained and are thoroughly familiar

with the provisions of the contract and these instructions. He shall arrange for spot checking as provided in special instructions.

2. The Director through the appropriate state office channel, shall furnish each county committee with the names and addresses of his representatives to whom notices of damage or probable loss are to be forwarded.

C. District Supervisor

1. The Supervisor, if any, shall be in charge of the adjustment of losses within his district. He shall make inspections and adjust losses, where necessary, as assigned by the Director. He shall submit progress reports to the Director as required. If problems arise which he cannot handle, they should be called promptly to the Director's attention.
2. When authorized by the Director and as conditions require, the Supervisor shall, (1) select and appoint adjusters in order to handle the work promptly and efficiently, (2) adequately instruct and train each adjuster and assist in making the first few inspections and adjustments, (3) not permit adjusters to make inspections or adjust losses involving an insured crop in which the adjuster has a financial or family relationship interest. To protect the interest of the Corporation, the Supervisor may find it advisable to limit the activities of the adjuster in certain other cases.

D. Adjusters.

1. Adjusters shall be under the immediate supervision of, and directly responsible to, the District Supervisor or to the State Director, if there is no District Supervisor. Any problem which the adjuster cannot handle shall be promptly discussed with the District Supervisor or the State Director if there is no Supervisor.

The adjuster shall:

- a. Be thoroughly familiar with the provisions of the contract (which includes the Regulations), the Acreage Report and the applicable procedures;
- b. Prepare from county office records a list or map showing the names and locations of insured producers in his territory, which will enable him to observe conditions of the insured crops when traveling in the territory;
- c. Where necessary, make an inspection as soon as possible after the insured has reported damage or a probable loss to the cotton crop and make the necessary appraisals and reports.
- d. Assist the insured in preparing the Statement in Proof of Loss form, when requested;
- e. Answer questions raised by the insured and attempt to settle any misunderstandings in connection with the contract;
- f. Refer any case to the Supervisor or the State Director where the adjuster is not entirely satisfied that all production has been reported or where he and the insured can't agree on an appraisal or any other factor affecting the amount of loss. These cases

should be accompanied by a full statement of facts.

- g. Make recommendations to the Supervisor or State Director concerning improvements in the program.

E. County Committee

1. The County Committee is responsible for transmitting notices of damage or probable loss to the State Crop Insurance Director or such adjusters as may be designated by the Director.
2. The County Committee shall arrange for adjusters to have free access to crop insurance records and related records in the county office and for county office personnel to perform planimetering and computations of acreages in connection with loss adjustment work when so requested by the adjuster.

SECTION II.

NOTICE OF DAMAGE OR PROBABLE LOSS AND PREPARATION OF FORM FCI-8

A. General

1. The insured is responsible for notifying the County Committee of damage to, or probable loss of, his cotton crop. This notice should be given in writing, and placed in the insured's folder for future reference. However, any manner or form of notice is acceptable provided a satisfactory Form 8 can be prepared.
2. The County Committee upon receipt of such notice from an insured should prepare Form FCI-8 Rev., "Notice to Corporation of Damage or Probable Loss," (herein called Form 8), in accordance with instructions set forth in subsection B below, and also advise the insured that any acreage of cotton should not be put to another use without the written consent of an adjuster.
3. The County Committee will notify the State Crop Insurance Director (and any other Corporation representative to be notified) of the report of damage or probable loss.
4. Where the cotton crop has been harvested from the insurance unit, and it is apparent that a loss has occurred the loss should be reported to the county office immediately, but in no event more than 15 days after harvest is completed. All production records, including gin tickets and also sales records and warehouse receipts of lint and seed cotton, must be available for the adjuster.
5. When notice of damage is given at the county office personally or by telephone after harvest, inquiry should be made of the insured to determine whether the harvested production for the insurance unit equals the product of (1) the reported acreage, and (2) the coverage per acre in the fourth stage of production. Where some acreage has been released the applicable coverage and any applicable appraisal should be used in determining total amount of insurance and total production.

B. Preparation of Form FCI-8 Revised

1. A separate Form 8 shall be prepared for each insurance unit on which damage or probable loss is reported by the insured. It shall be prepared as follows:

- a. Heading: Enter in the spaces provided:

- (1) "Cotton";
- (2) The name and address of the insured, which must agree with that shown on the related crop insurance contract;
- (3) The state and county code and contract number;
- (4) The name of the county;
- (5) In the space provided for farm serial number, enter the insurance unit number, i.e., Unit 1, Unit 2, etc., and
- (6) The contract number of other Federal Crop Insurance contracts covering any part of cotton on the land in the insurance unit.

- b. Data for Numbered Items

Item 1. In the case of Form 8 prepared prior to harvest, enter the name of each farm in the insurance unit to be inspected and either the location of the farm or the legal description. In addition, enter a notation indicating where the insured may be located and the insured's telephone number if possible.

Item 2. Enter the reported acreage(s) on the insurance unit as shown on the acreage report followed by a dash and the applicable coverage and rate area number. If more than one line is required on the Acreage Report to report the acreages on the insurance unit (either because the insured has different shares in parts of the acreage on the insurance unit or because different coverages or premium rates are established for parts of the acreage, or for any other reason) enter each of these acreages separately. If the acreage report has not been filed make a notation to this effect in item 2.

Item 3. For each acreage in item 2, enter the applicable coverage per acre in the fourth stage of production.

Item 4. Enter the insured's share(s) in the crop as shown on the acreage report.

Item 5. Enter the date upon which the notice of damage or probable loss is received in the county office.

Item 6. Enter (a) the reported cause(s) of damage to the cotton crop and a description of the result of such damage, and (b) the date of damage(s). Include any information which will assist the adjuster in determining if an inspection is necessary.

Item 7 and Item 8. These entries are self-explanatory.

Item 9. (a) The person receiving the notice shall initial Form 8. The form shall be signed and dated for the County Committee, (b) the insured shall be requested to sign Form 8 in every case where the notice is given in person. Otherwise, a notation shall be entered in this space indicating how the notice was received, i.e., by telephone, (followed by the date of the telephone call), by letter (followed by the date of the letter), by some other person (enter the name of the person giving notice and the date of the notice), etc.

Items 10 and Item 11. These items are self-explanatory.

Item 12. In any case where a part of the acreage is "unclassified" or is "non-insurable" as designated on the Crop Insurance Map, a notation to this effect shall be entered in Item 12. Any other remarks deemed advisable should be entered.

2. Distribution

Copies of Form 8 shall be distributed as provided in Section VII hereof.

SECTION III. INSPECTIONS AND INSPECTION REPORTS

A. Inspections

1. An inspection shall be made:

- a. When a request for a release of acreage is received;
- b. Where a loss is claimed (except as provided in Section V, B, hereof) or where it is determined that the insured is eligible for an indemnity; or
- c. In any case where the Corporation determines that an inspection is necessary. Every time an inspection is made, Form FCI-863-C, "Inspection Report for Cotton," (herein called "Form 863-C") shall be prepared as provided in subsection B, below.

2. When a Form 8 does not include a request for a release of acreage and the person taking action on the case determines that an inspection is not necessary, he shall advise the insured in writing (on a form designed by the Director for this purpose) that:

- a. The notice was received and an inspection is not deemed necessary at that time, including the reason therefor;
- b. Any later material damage to, or probable loss of, the cotton crop should be reported promptly to the county committee;
- c. If upon completion of harvest a loss has occurred, the insured should submit another notice to the county committee immediately but in no event more than 15 days after harvest is completed, and the cotton stalks must not be destroyed until the insurance unit has been inspected and the acreage of cotton is determined by the Adjuster.

This notice to the insured shall be prepared in triplicate and shall include the name and address of the insured, the contract number, the insurance unit number and the farm identification. The original of this notice shall be mailed to the insured, a copy forwarded to the Director, and a copy filed in the insured's folder.

3. Where a Form 8 includes a request for a release of acreage or where the person taking action on the case determines that an inspection is otherwise necessary, the inspection shall be made promptly. If "Yes" has been entered in item 11 of Form 8, or if item 12 indicates that different coverage groups or premium rates are applicable to parts of the insurance unit, or that a part of the farm is designated on the crop insurance map as non-insurable, and in any other case where the Adjuster feels it necessary, he shall contact the county office before making the inspection. In such cases the adjuster shall:
 - a. Thoroughly familiarize himself with all crop insurance material, including correspondence, in the insured's folder which relates to the 1948 crop year in order that he will be able to answer any questions pertaining thereto and in order that he may handle any problems which arises in connection with the inspection;
 - b. Obtain records or data for the insurance unit which would be helpful to him, such as a sketch of the farm or copies of Forms 863-C already prepared;
 - c. From information available in the county office, prepare the heading of Form 863-C for each insurance unit (or part thereof) involved, as provided in paragraph B-3-a, below.
4. If Form 8 shows or the Adjuster finds that the insured has not filed an Acreage Report, the Adjuster shall obtain the Acreage Report and submit it to the county office.
5. It is essential that the adjuster clearly understand what constitutes an "insurance unit" especially since it differs from previous years. An insurance unit includes (1) all of the insurable acreage of cotton in the county which the insured has 100 percent interest at the time of planting, plus any acreage owned by him and worked for him by sharecroppers; or (2) all of the insurable acreage of cotton in the county which is owned by the insured and rented to one share tenant at the time of planting; or (3) all of the insurable acreage of cotton in the county which is owned by one person and operated by the insured as a share tenant at the time of planting; or (4) all of the insurable acreage of cotton in the county which is owned by one person and worked by the insured as a sharecropper at the time of planting. Land rented for cash or for a fixed commodity payment shall be considered to be owned by the lessee. Insurance units are not limited to farm boundaries. An insurance unit may include acreage not shown on the acreage report. An insurance unit shall not include any acreage planted to cotton which is destroyed or substantially destroyed which can be replanted before it is too late to replant cotton as determined by the Corporation and such acreage is not replanted to cotton. In making an inspection, the adjuster must keep in mind the definition of an insurance unit and take appropriate steps in accordance with this procedure for treatment of any acreage of cotton to which no insurance attached.

B. Inspection Report

1. A separate Form 863-C shall be prepared for each form at the time of each inspection. In addition, where different coverages or different premium rates are applicable to parts of a farm, a separate Form 863-C shall be prepared and properly identified for each such part.
2. Where acreage is released, the stage of production (and the amount of insurance) is established accordingly for such acreage. Where the insured carries released acreage to harvest, the stage of production established for such acreage at the time of release cannot be changed to a later stage of production unless the Corporation determines, on the basis of actual production, that the acreage was not actually substantially destroyed, as defined in the Regulations. In cases where this determination is made by an adjuster, an explanation thereof, including the production for such acreage and other pertinent facts, shall be recorded on the Form 863-C being prepared at the time. If it is found that an error was made on the Form 863-C previously prepared, the correct information, a full explanation thereof, and other pertinent facts shall be recorded on a new Form 863-C which shall be labeled "corrected" in the heading thereof. In either of these types of cases the county office copy of the Form 863-C previously prepared shall be marked "void" by the adjuster and left in the insured's folder.
3. Form 863-C shall be prepared as follows:

a. Heading: In the spaces provided:

- (1) Enter the crop year.
- (2) Enter the correct name and address of the insured.
- (3) Enter the state and county code and contract number
- (4) Enter the name by which the farm is commonly known and it's location, including the number of miles and the direction of the farm from some well known landmark.
- (5) Enter the coverage and rate area number in which the acreage is located.

b. Part I. Fields or Tracts Containing Damaged Acreage

Data for each field or tract containing damaged cotton shall be entered in Part I. The Director may require that data for all fields or tracts be entered in Part I in the case of inspection during the growing season. Where there is insufficient space in Part I to record the necessary data, additional Forms 863-C shall be prepared, identified in the heading as provided above, and marked "Continuation sheet: Page of pages." All fields or tracts of cotton on the farm being inspected shall be accounted for in the space provided for a sketch map in Part III, unless provided otherwise by the Director.

Column A: Enter the description, location or other identification of each field or tract containing damaged cotton in the case of inspection before harvest. All fields or tracts of cotton on the insurance unit shall be identified on Form 863-C which is prepared at the time the loss is adjusted.

Column B: Enter the estimated total acreage (or the measured acreage) of cotton in each such field or tract. The acreages entered at the time the loss is adjusted must be measured acreages.

Column C: Enter the acreage of cotton which is released in each such field or tract. (If no acreage is released, enter a "zero".) Estimate this acreage as accurately as possible in the case of releases during the growing season except that the acreage shall be accurately determined (1) where all of the insured acreage on the insurance unit is being released, and (2) where the boundaries of the acreage being released cannot be definitely determined at a later date. Where the acreage being released is only a part of the acreage in a field or tract and the acreage being released is not accurately determined, the location of the released acreage in the field or tract shall be sketched in the space provided in Part III of Form 863-C.

The Adjuster shall not release any acreage planted to cotton until he determines that:

- (1) The cotton has been destroyed or substantially destroyed. (The cotton is not considered to be substantially destroyed unless it has been so badly damaged that farmers generally in the area where the farm is located and on whose farms similar damage occurred would not further care for it or harvest any part of it), and
- (2) It is too late to replant land to cotton in the area. The question of when it is too late to replant land to cotton shall be resolved by determining if producers generally in the area, particularly uninsured producers, are still planting or replanting. If this is the case and it is practicable for the insured to replant, he shall be advised that unless the acreage is replanted to cotton it will not be considered insured acreage under the contract. The insured shall also be advised that no premium will be due and no loss will be payable on any acreage which is not insured acreage. In such cases where the acreage will not be replanted to cotton, the Adjuster shall obtain a "revised" acreage report from the insured, as provided in Section II-I-1-a of the Acreage Report Procedure.

Where acreage of cotton is destroyed or substantially destroyed after it is too late to replant, the adjuster shall release such acreage.

Column D: For each acreage released, enter a notation indicating the stage of production (as explained below) during which the cotton on such acreage was destroyed or substantially destroyed. This notation must be correct since it establishes the amount of insurance for the released acreage. It is therefore extremely important that the adjuster shall positively determine the stage of production during which the cotton on the acreage being released is actually destroyed or substantially destroyed. The time of inspection has no bearing on the determination of the stage of production during which the acreage released is destroyed or substantially destroyed. The notation "First"

shall be entered as the stage of production where the acreage being released is destroyed or substantially destroyed after it is too late to replant the land to cotton but before the cotton on such acreage is cultivated. "First cultivation" means the first tillage of the cotton after it is up and must be performed with an implement (other than a spike tooth or section harrow, rotary hoe, or stalk cutter) designed for use on individual cotton rows for the purpose of working the ground close to the plants in the drill--any other cultivation prior to this time, regardless of the purpose thereof, shall not be considered as a first cultivation of the cotton crop. Chopping is not to be considered as a cultivation.

The notation "Second" shall be entered as the stage of production where the acreage being released is destroyed or substantially destroyed after the first cultivation of cotton on such acreage but before it is laid by. "Laying by" means the completion of the final cultivation consistent with good farming practices, that would be necessary to carry the crop to harvest.

The notation "Third" shall be entered as the stage of production where the acreage being released is destroyed or substantially destroyed after the cotton on such acreage is laid by but before it is harvested as defined below.

The notation "Third--not harvested" shall be entered for any acreage not released which is laid by but which is not destroyed and is not harvested. The notation "Fourth" shall be entered as the stage of production for any acreage which is harvested and which was not destroyed or substantially destroyed in an earlier stage, as determined by the Corporation. "Harvest" means the removal of seed cotton from the open cotton boll or the severance of the open cotton boll from the stalk by either manual or mechanical means. Any acreage which has been harvested (picked over) one time in a workmanlike manner shall be considered as harvested, and will be in the fourth stage of production, provided such acreage was not destroyed or substantially destroyed in the first, second or third stage of production, as determined by the Corporation. However, an appraisal shall be made of any unharvested cotton remaining in the field.

Where there is a question concerning the stage of production applicable to released acreage, the adjuster shall consider the visible evidence available at the time of inspection. Where the question is whether the acreage being released was destroyed or substantially destroyed during the "First" or "Second" stage of production and the adjuster is unable to establish that the acreage was cultivated before the destruction occurred, the acreage being released shall be considered to have been destroyed or substantially destroyed in the "First" stage of production. Where the question is whether the acreage being released was destroyed or substantially destroyed during the "Second" or "Third" stage of production and the adjuster is unable to establish that the acreage was laid by before the destruction occurred, the acreage being released shall be considered to have been destroyed or substantially destroyed in the "Second" stage of production.

In connection with a release of acreage and the establishment of the stage of production therefor, the adjuster shall advise the insured of the amount of insurance per acre and the appraisal per acre applicable to each such acreage. Any uninsured cause of loss and the necessary appraisal per acre should be discussed with the insured while the evidence is still visible.

Column E: For each acreage released, except for the acreage for which the notation "First" is entered in column D, enter a per acre appraisal of the estimated yield of lint cotton that would be realized if such acreage remained for harvest. In releasing acreage the Corporation is relinquishing its opportunity to determine the actual yield. Therefore, care must be exercised by the Adjuster in making this appraisal and he must assume that favorable growing conditions will prevail until harvest time. The appraised yield will be counted in whole or in part (see Section IV, C, 2, c) in computing the loss, if any, unless the cotton on this acreage is harvested, in which case the actual yield will be used if it is determined that the cotton had not been substantially destroyed earlier. However, where harvest is completed after the end of the insurance period, the yield to be used shall not be less than the yield appraised and entered on Form 863-C.

Where an appraisal is made for an acreage in the "Fourth" stage of production (i.e., harvested acreage on which unharvested cotton remains in the field), the appraisal shall reflect the estimated yield of unharvested lint cotton per acre. The acreage in column C for which such appraisal is made shall be encircled.

The adjuster shall advise the insured that on any acreage where the crop has been partially destroyed but not damaged sufficiently to be released by the Corporation, proper measures must be taken to protect it from further damage, and to care for and harvest it. The adjuster shall also advise the insured that if unharvested acreage of insured cotton is put to another use without the consent of the Corporation, that acreage will be subject to an appraisal of production at least equal to the amount of insurance coverage for such acreage in the fourth stage of production.

Column F: Enter the primary insured cause of damage to the cotton in each field or tract identified in column A. Where only a part of the acreage in a field or tract is damaged, the location of the damaged acreage shall be recorded in Part III.

The adjuster shall determine whether any of the damage is due to causes not insured against, and, if so, the extent of such damage shall be recorded in Part III

Column G: Enter the date of damage to the cotton in each field or tract.

Column H: Enter the name(s) of the person(s) other than the insured sharing in the cotton in each field or tract. If the same person, other than the insured, shares in all fields or tracts, the name of such person need not be entered but once.

Column I: Enter the share in the crop for each person whose name appears in Column H.

Verify the insured's reported share(s) in the crop, as indicated on Form 8. If the share(s) reported by the insured at the time of inspection as his share(s) in the crop at the time of planting varies from his previous reports; explain such discrepancy in Part III.

c. Other Use of Part I

Part I of Form 863-C may be used to record any necessary information for final settlement of a loss claim. All of the columns in Part I may be used.

d. Part II--Determination of Actual Production

Part II of Form 863-C is to be used only in those cases where there is harvested cotton on the insurance unit and shall be prepared before the related Statement in Proof of Loss is prepared. The production to be entered in Part II shall include the shares of all persons in the harvested production of cotton on the insurance unit (or part thereof). Routine completion of this Part shall not be considered adequate to determine the quantity of cotton harvested. The reasonableness of the quantity as related to the acreage harvested shall be considered and a comparison of the current yield produced on other comparable farms in the area should be made. The stalks and other evidence of the quantity of production shall be examined. Other inquiry or search should be made if the reported yield is materially less than the yield of other comparable farms in the area or is materially less than the production on the insurance unit appears to have been on the basis of available evidence.

In order to be sure that all production is accounted for, the adjuster must examine all gin tickets, production records, records of sale of seed cotton, and other available records.

Where the insured has different shares in parts of the acreage on the insurance unit, the adjuster shall make certain that production is reported separately for each acreage in which the insured has a different share and that the production reported for each acreage appears to be reasonable. No insurance will attach to (1) any acreage planted to cotton following in the same crop year a small grain crop which reaches the heading stage; (2) new ground acreage and newly leveled acreage in the irrigated areas, planted to cotton the first year of cultivation; and (3) any acreage initially planted to cotton too late to expect to produce a normal crop. In cases involving any of such acreage if the insured has failed to keep separate acceptable records of the production from the uninsured acreage or, has failed to keep the production from that acreage separate from the production from the insured acreage, the production for the insurance unit shall include any of the production from such uninsured acreage which is commingled with production from insured acreage. If separate acceptable records have been kept or if the production has been kept separate the total production for the insurance unit shall not include any production from such uninsured acreage.

Item 5: Lint cotton ginned. Enter the total net pounds of lint cotton ginned from the insurance unit (or part thereof). In determining this quantity, a deduction for bagging and ties shall be made from the gross weight of each bale ginned. This deduction shall be as follows, depending on the type of bagging used: Burlap - 14 lbs., cotton - 14 lbs., sugar sack - 20 lbs., jute (2#) - 21 lbs., and jute (2½#) - 24 lbs.

A record of each bale produced on the insurance unit (or part thereof) should be recorded in Part III or, where there is insufficient space in Part III, this record should be on the reverse side of the original of Form 863-C. This record should include for each bale (1) the bale (or gin ticket) number, (2) the gross weight, (3) the deduction for bagging and ties, including the type of bagging, (4) the name and address of the gin, and (5) the date on which the last bale was ginned. Where the same type of bagging is applicable to all bales, the type of bagging used need be shown only once and the deduction made on the basis of the total number of bales.

Wherever practicable, the adjuster may obtain a statement from the ginning companies where the cotton is ginned showing the information required by the above paragraph. Any such statement should be dated and signed by the gin operator or his representative and shall be attached to the original of Form 863-C.

Item 6: Seed Cotton. Enter in 6(a) the total number of pounds of seed cotton on hand. Enter in 6(b) the total number of pounds of seed cotton sold and the name and address of the buyer. Enter in 6(c) the total number of pounds of seed cotton harvested which is not accounted for in 6(a) or 6(b). Enter in the first blank space in 6(d) the sum of the entries in items 6(a), 6(b), and 6(c). Enter in the second blank space in 6(d) the estimated net weight of lint cotton turn-out from such seed cotton.

When estimating the net weight of lint cotton turn-out from seed cotton, the adjuster shall utilize all available information, such as (1) the average percent turn-out of cotton ginned from the insurance unit, (2) the average percent turn-out of cotton produced from the same variety of seed planted in the community, as shown on gin records, and (3) the condition of the seed cotton.

Item 7. Total Harvested Production Enter the sum of the entries in items 5 and 6.

Verification of Computations: After all of the entries and computations have been made as provided above, they shall be rechecked for accuracy and completeness.

e. Part III. Adjusters Narrative Report

Part III shall be prepared each time an inspection of the insurance unit is made. The Director shall outline for the adjuster the information which the Director thinks the Corporation will need in the final determination of the loss, if any, and instruct the adjuster to enter in Part III whatever of that information is available. In all cases the adjuster shall enter the date on which harvesting of cotton was completed on the farm. This entry shall be indicated as follows:

"Harvest Completed -- August 30, 1948. Also, enter in Part III any causes of damage not included in Part I, and the dates thereof. When any damage is due to an uninsured cause, enter a full explanation and set forth the extent of such damage, including the number of acres damaged and the appraised reduction in production per acre due to such damage. A notation describing the condition of all the acreage of the insured crop which is not accounted for in Part I shall be included in Part III.

Where an inspection is being made during the growing season, the adjuster shall determine whether the number of acres of the insured crop in all fields or tracts on the insurance unit approximates the reported acreage as shown on Form 8. If in his opinion, there is a substantial difference between the two figures, an explanation of why such difference exists shall be entered in Part III.

Part III should be complete enough for a person not familiar with the case to understand the case after reviewing Form 863-C.

Date and Signature: In the space provided above Part III, the adjuster shall sign and date Form 863-C. The signature of the insured should also be obtained unless it is impracticable to do so.

Form 863-C shall be distributed in accordance with Section VII hereof.

SECTION IV ADJUSTMENT OF CLAIMS

A. General

1. The insured shall:

- a. Notify the county office within 15 days after harvest is completed of any loss sustained under the contract.
- b. Use Form FCI-867-C, "Statement in Proof of Loss for Cotton," (herein called "Form 867-C"), in submitting a claim for loss.
- c. Submit his claim for loss within 60 days after the time of loss. (In case all of the acreage on the insurance unit is released prior to harvest, the time of loss is the date of the damage resulting in the release. In case harvesting is completed prior to the end of the insurance period, the time of loss is the date of completion of harvesting. In case harvesting is not completed prior to the end of the insurance period, the end of the insurance period is the time of loss.

Where the insured does not notify the county office within 15 days after completion of harvest, of a loss on an insurance unit and in cases where the claim is submitted later than 60 days after the time of loss, the adjuster shall handle the case as provided in Section V hereof.

- d. Establish that any loss for which claim is made has been directly caused by one or more of the hazards insured against by the contract during the term thereof, and that the loss has not arisen from or been caused by, either directly or indirectly, any of the hazards not insured against and the extent or amount of such loss.

2. The Adjuster:

- a. Shall determine whether an acreage report has been submitted by the insured. If an acreage report has been submitted previously by the insured and no part of the insurance unit on which loss is claimed is listed on the acreage report, a Form 867-C shall not be prepared for the unit. Instead the adjuster shall prepare and sign a detailed statement of facts, in triplicate, which shall include (a) all necessary information to establish the amount of loss on the unit and (b) full information concerning any other insurance unit for which data are not listed on the acreage report. The original and one copy of this statement shall be forwarded to the director and the other copy shall be filed in the insured's folder.
- b. Shall not approve a Form 867-C until (1) he has inspected the insurance unit, (2) he has determined the acreage planted to cotton thereon, (3) he has verified insofar as practicable the reported production therefrom and has determined that it is reasonable, and (4) made any necessary per acre appraisals of production.
- c. Shall not approve a Form 867-C as long as there is a possibility of harvesting any production from the insurance unit.

B. Method of Preparing Form 867-C

1. A separate Form 867-C shall be prepared for each insurance unit on which a loss is claimed. Where the insured fails to keep the production for each insurance unit separate and fails to keep acceptable records of the production for each insurance unit and all the acreage from which production is commingled is insured, the case shall be handled in accordance with subsection D, 4, of this Section. Where the insured fails to keep separate production records for any of the acreage to which insurance did not attach, as stated in Section III, B, 3, d, hereof, any production from such acreage which is commingled with the production from the insured acreage may be considered to have been produced on the insurance unit and the loss adjusted in the usual manner.

In the latter case set forth in the above paragraph, if the adjuster feels that the insurance with respect to the insurance unit should be voided, he shall attach a statement in triplicate setting forth the facts which he feels justify this action and his recommendation. In such case if the contract is voided, the insured will still be required to pay the current premium.

2. The insured and the adjuster certify only to the basic data appearing on Form 867-C, which include the measured acreages, the insured interest, the total harvested production, and the per acre appraisals of production. Therefore, the adjuster shall complete Form 867-C only to the extent provided hereinafter.
3. Where it appears that there will be no loss on the insurance unit or where the insured requests advice as to the approximate amount of indemnity he may expect to receive, the adjuster should perform the necessary computations on a scratch pad, using the instructions on the reverse side of Form 867-C, and advise the insured accordingly. If there is no loss, the adjuster should explain to the insured why there is no loss.
4. In all cases the insured shall be advised that the required computations will be made by the Corporation and that his copy of Form 867-C will be mailed to him after the audit is completed.

C. Preparation of Form 867-C for Usual Cases

1. The instructions set forth in this subsection apply in all cases where (a) the same coverage is applicable to the entire insurance unit, and (b) the insured has the same share in all the cotton acreage on the insurance unit, and (c) there has been no transfer of interest in the cotton crop on the insurance unit. In all other cases Form 867-C shall be prepared in accordance with subsection D of this Section.
2. Form 867-C is a Rediform consisting of an original and three copies, and shall be prepared as follows:

a. Heading

- (1) Enter the crop year.

- (2) Enter the correct name of the insured and his address. The name shall agree with that shown on the contract unless such name is incorrect. However, if the original insured died, etc., after the crop was planted, the name of his legal representative shall be entered. Where the name entered is that of a legal entity (such as a partnership or Corporation) and the contract was not executed in such capacity, a statement of the facts, in triplicate, shall be attached.

If the insured has disappeared or refuses to sign the Forms 867-C and a collateral assignment is outstanding, the name and address of the assignee may be entered in the spaces provided in the heading for the name and address of the insured. The name of the assignee shall be followed by the word "assignee." In such cases a statement of the facts in the case, in triplicate, shall be attached.

- (3) Enter the state and county code and contract number.
- (4) Enter the contract number(s) of other cotton contracts on the same land.
- (5) Enter the insurance unit number, which must agree with that shown on the acreage report.

b. Boxes

Box A: Enter the reported acreage on the insurance unit as shown on the acreage report.

Box B: Enter the measured acreage planted to cotton on the insurance unit (excluding any acreage on which no insurance has attached, as set forth in Section III, B, 3, d, hereof). This acreage shall be accurately determined by the adjuster unless acceptable records of measurement are on file in the county office. All possible use shall be made of permanent field acreages established under other agricultural programs and on file in the county office. Measuring equipment shall be checked for accuracy and corrected, where necessary, prior to its use.

Where applicable the adjuster shall advise the insured of the following:

- (1) If the measured acreage in the usual case is less than the reported acreage, the loss, if any, will be settled on the basis of the measured acreage and the premium adjusted accordingly;
- (2) If the measured acreage in the usual case exceeds the reported acreage, the loss which would otherwise be determined will be reduced proportionately;
- (3) Where different coverages or premium rates are established for parts of the insurance unit, or where the insured has different

shares in parts of the acreage on the insurance unit, the branch office will adjust downward the loss determined for the measured acreage on the basis of the ratio of the premium computed for the reported acreage to the premium computed for the measured acreage.

Box C: Enter the coverage and rate area number applicable to the insurance unit as shown on the crop insurance map. In Lubbock County, Texas, the appropriate symbol "I" or "NI" indicating irrigated or non-irrigated acreage shall also be entered in this box following the coverage and rate area number.

Where the same coverage per acre applies to all of the acreage of cotton on an insurance unit but different premium rates are applicable to parts of this acreage, enter above Box C the acreage in each coverage and rate area followed by a dash and the area number. For example 25-1, and 75-2.

Box D: Enter the insured interest in the cotton crop on the insurance unit, which shall be the smaller of (1) the reported interest in the crop as shown on the Acreage Report, or (2) the actual interest in the crop at the beginning of harvest or time of loss, whichever occurs first. This entry shall be shown as a percentage, rounded to the nearest tenth of a percent. Where the insured interest entered in box D is less than the reported interest shown on the Acreage Report, a statement of facts explaining the discrepancy shall be prepared, in triplicate, dated and signed by the adjuster and attached.

Box E: Enter the fixed price of lint cotton per pound applicable to the county. In the case of dollar coverage insurance this entry will be \$.27.

Box F: Enter the word "yes" or "no" to indicate whether partial insurance protection is applicable.

c. Part I. Actual and Appraised Production for the Insurance Unit

The following important factors shall be kept in mind in preparing Part I:

- (1) The sum of the entries in column A must equal the measured acreage in box B. Where an appraisal is made for an acreage previously entered in column A, such acreage figure shall be entered to the left of column A.
- (2) In making an appraisal for any acreage, the adjuster shall estimate the yield per acre that would have been realized under the most favorable growing conditions had the insured crop on such acreage remained for harvest.

Item 1. Column A: Enter the measured acreage of cotton released because of damage occurring after it is too late to replant the land to cotton but before the cotton on such acreage is cultivated. This acreage is identified in column D of Form 863-C by the word "First" to show that it was destroyed in the first stage of production.

Item 2. Columns A and B: Enter in column A the measured acreage of cotton released because of damage occurring after the first cultivation of cotton on such acreage but before it is laid by, and in column B the appraised production to be counted, which shall be the applicable of the following: (a) In the case of yield insurance, the number of pounds of lint cotton by which the actual appraisal for this acreage exceeds the amount of insurance per acre for the second stage of production, times the number of acres involved, or (b) in the case of dollar coverage insurance, the number of pounds of lint cotton by which the actual appraisal for the acreage exceeds the result obtained by dividing the amount of insurance per acre for the second stage of production by \$.27 and multiplying this result by the number of acres involved. This acreage is identified in column D, Form 863-C by the word "Second" to show that it was destroyed in the second stage of production, and the appraisal(s) per acre for this acreage is shown in column E of Form 863-C.

For example: Assume that a Form 863-C for the insurance unit shows a 20 acre field of cotton released in the second stage of production with an appraisal of 50 lbs. per acre. Assume also that the coverage on such acreage in the second stage is 40 lbs. per acre. The total appraised production for the 20 acres. would be 20×50 or 1000 lbs. The total amount of insurance for the acreage would be 20×40 or 800 lbs. The total appraised production for the 20 acres exceeds the total amount of insurance for the acreage by 200 lbs, which is the appraised production to be counted and entered in Column B of Form 867-C.

In cases where the insurance unit involves two or more released tracts with different per acre appraisals, the total appraised production for all acreage shall be the sum of the total appraisal for all such acreages and the total amount of insurance shall be the sum of the amounts of insurance computed for all such acreages. The quantity by which the total appraised production for all such acreages exceeds the total amount of insurance for all such acreages shall be the production to be counted and entered in Column B of Form 867-C.

Item 3. Columns A and B. Enter in column A the measured acreage of cotton released because of damage occurring after the cotton on such acreage is laid by but before it is harvested plus any other acreage of cotton not harvested (excluding any acreage accounted for in Items 1 and 2, above), and in column B the appraised production for such acreage. This acreage is identified in column D of Form 863-C by the word "Third" to show that it was destroyed in the third state of production, and the per acre appraisal(s) for this acreage is shown in column E of Form 863-C.

Item 4. Columns A and B: Enter in column A the measured acreage of cotton which is harvested and in column B the actual harvested production which shall include the lint cotton ginned plus the estimated lint in seed cotton harvested but not ginned. This production is shown in Item 7 of Form 863-C.

Item 5. "Acres" and Column B: Enter in the space provided for acres the measured acreage of cotton, if any, which is harvested and on which unharvested cotton remains in the field, and in column B the appraised unharvested production for such acreage. This acreage is identified in column C of Form 863-C by being encircled and the appraisal per acre for this acreage is shown in column E, thereof.

Item 6. Columns A and B: Enter in column A the measured acreage of cotton put to another use without the consent of the Corporation, and in column B the appraised production which shall not be less than the applicable of the following: (a) in the case of yield insurance, the amount of insurance for the fourth stage of production times the number of acres involved, or (b) in the case of dollar coverage insurance, the number of pounds of lint cotton obtained by dividing the amount of insurance for the fourth stage of production by 27¢ and multiplying the result by the number of acres involved.

Item 7. Columns A and B: Enter in column A (or to the left thereof, if the acreage has previously been entered in column A) the measured acreage of cotton on which production has been reduced solely because of damage due to cause(s) not insured against, and to the left of the acreage enter a notation describing the uninsured cause(s) of damage. (See instructions for Item 8 below for the causes of loss not insured against.) Enter in column B the appraised reduction in production on this acreage due to cause(s) not insured against, which shall not be less than the applicable of (a) or (b) as set forth under Item 6 above, minus the production, if any, harvested from the acreage and the appraised unharvested production if any, for the acreage.

Item 8. "Acres" and Column B: Enter in the space provided for "acres" the measured acreage on which production has been reduced due both to cause(s) insured against and to cause(s) not insured against and to the left of the acreage enter a notation describing the uninsured cause(s) of damage. Enter in column B the appraised reduction in production on the acreage due to cause(s) not insured against.

The causes of loss not insured against include the following (but are not limited thereto):

- (1) Loss caused by poor farming practices, including but not limited to the use of defective or unadapted seed, failure to plant a sufficient quantity of seed, failure properly to prepare the land for planting, or properly to plant, care for, or harvest (including unreasonable delay thereof) the cotton crop;
- (2) Loss caused by following different fertilizer or farming practices than those considered in establishing the coverage.
- (3) Loss caused by planting cotton on land which is generally considered incapable of producing a cotton crop comparable to that produced on the land considered in establishing the coverage.
- (4) Loss caused by planting cotton on land following peanuts harvested for nuts.
- (5) Loss caused by failure to replant the cotton under circumstances where the Corporation determines it is practicable to replant, or by planting cotton under conditions of immediate hazard, or by planting excessive acreage under abnormal conditions, or by planting another crop (except winter legumes) in the growing cotton crop, or by planting a variety of cotton which differs materially in yield from the variety considered in establishing the coverage.

- (6) Loss due to breakdown of machinery or failure of equipment due to mechanical defects, or loss in yield caused by the neglect or malfeasance of the insured or any person in his household or employment or connected with the farm as tenant, sharecropper, or wage hand;
- (7) Loss caused by theft, or by domestic animals, or by inability to obtain labor, seed, fertilizer, machinery repairs, or insect poisons;
- (8) Where insurance is written on an irrigated basis, loss caused by failure properly to apply irrigation water to cotton in proportion to need of the crop and the amount of water available for all irrigated crops, or by failure to provide adequate casing or properly to adjust the pumping equipment in the event of a lowering of the water level in pump wells where such adjustment can be made without deepening the well, or any other such loss not due entirely to unavoidable causes. If the insured sells rights to irrigation water, any loss due to lack of water shall be deemed to be a loss from a cause not insured against.
- (9) Loss due to the shortage of irrigation water on any farm where the Corporation determines that the total acreage of all crops planted on the farm which require irrigation is in excess of that which could be irrigated properly, assuming normal conditions throughout the period when the cotton crop will require irrigation, with the supply of irrigation water which could be expected at the time the cotton is planted.
- (10) Any damage to the insured crop which occurs after the end of the insurance period as set forth in the Regulations is likewise not insured against and must be handled by the adjuster as an uninsured cause of damage.
- (11) Any loss due to the action of any person, or state, county or municipal government in the use of chemicals, such as 2-4-D, for the control of noxious weeds.
- (12) Any other damage due to causes not insured against.

Item 9. Column A: Enter the total of the entries appearing in this column. This sum must equal the measured acreage as shown in Box B.

Column B: Enter the sum of entries in column B.

d. Part V. Causes of Damage Insured Against

No uninsured cause of damage shall be entered in Part V. Each insured cause of damage shall be specifically stated, as provided below, and shall be entered on a separate line unless there are more than three such causes.

Item 19, 20, and 21: Enter the primary (major), secondary, and other contributing insured causes of damage to the crop, together with the approximate date each cause of damage occurred and the estimated percent contribution of each such cause to the total loss on the insurance unit due to causes insured against. The entries in the column headed "Estimated percent contribution" should total 100 percent. The various insured causes of damage, which shall be used as a guide for uniformity, are listed below.

Drought	Windstorm
Hail	Blowout
Fire	Cold Weather
Wildlife (animals, birds and crawfish)	Crusted Soil (including packed soil due to heavy rains)
Shortage of Irrigation Water	Root Rot
Flood (overflow or back-water	Wilt
Standing surface water (seepage and delayed run-off	Plant Diseases (excluding Root Rot & Wilt)
Excessive Moisture (excluding standing surface water)	Boll Weevil
Water Erosion (current year)	Leaf Worm
Freeze, snow	Insects (excluding Boll Weevil & Cotton Leaf Worm)
Hot winds (including excessive heat)	

If any part of the loss is due to an act of a person(s), the adjuster shall prepare a statement of facts, in triplicate, which shall include the name of the person(s), if possible, as well as the amount of loss caused by such person(s). This statement shall be dated and signed by the adjuster and attached to Form 867-C.

e. Part VI. Certification

Item 22: By signing Form 867-C the insured agrees to the substitution of the Corporation as his attorney to exercise the right of recovery against any person(s) for damage to the crop to the extent that payment for loss resulting from such damage is made to the insured by the Corporation. If applicable, the insured shall be advised of this fact and that he is not to make any settlement with, or execute a release to, such person(s).

Enter in the space provided either "yes" or "no" to the question whether a collateral assignment is outstanding. If a Form FCI-20, "Collateral Assignment," approved by the Corporation, is on file in the county office, the word "no" shall not be entered until the adjuster determines that the assignee has released the assignment in writing.

Where "yes" is entered, and the insured states that he wants the assignee to be paid separately to the extent of the amount of the assignment, a statement to this effect, signed by the insured, must accompany the Form 867-C. If the statement provides for the issuance of a separate check to the insured and a separate check to the assignee for an amount less than that shown on the assignment, it must also be signed by the assignee. If no such statement is attached, a joint check will be issued.

In any case where the adjuster feels that difficulties would arise out of the issuance of a joint check he should make a reasonable effort to effect an agreement between the assignor and the assignee as provided above for the issuance of separate checks.

Wherever possible, the adjuster shall review Form 867-C and determine that all necessary entries have been made thereon before it is signed by the insured. After the form is signed by the insured, no person, unless so directed by the insured, has authority to change or enter thereon any basic data.

The insured shall sign and enter the date in the spaces provided in Item 22. Before signing, he should be cautioned that his signature must agree with the name in the heading of Form 867-C, and where applicable with his signature on the contract. The signature must actually be affixed by the insured (or other eligible claimant) whose name appears in the heading of Form 867-C, or by his authorized representative.

Item 23: The adjuster shall not approve the Form 867-C until all basic data have been entered thereon and until it has been signed by the insured.

If the signature is affixed in a representative capacity, the adjuster must determine that a power of attorney or other acceptable evidence is on file in the court house or the county office authorizing the person to sign in the capacity in which he signs. If, after the insured has signed the form, the adjuster can certify to the statements in item 23, he shall sign and date the form in the spaces provided.

Item 24: This item is for the use of the Director.

f. Boxes Designated " For Branch Office Use Only"

The adjuster shall make no entries in these boxes, which will be used by the Corporation in notifying state and county offices of changes in the premium for the contract in each case where the measured acreage shown on Form 867-C is less than the reported acreage, thus eliminating the preparation of "revised" acreage reports by the Corporation.

D. Preparation of Form 867-C for Unusual Cases

1. Where the insured has different shares in parts of the cotton crop on the insurance unit.

A separate Form 867-C shall be prepared for each acreage of cotton on the insurance unit on which the insured has a different share (For example: If the insured has 100 percent interest in 15 acres of cotton and 50 percent interest in 10 acres of cotton on the same insurance unit, one Form 867-C shall be prepared for the 15 acres and another Form 867-C shall be prepared for the 10 acres.) The word "Supplemental" shall be entered immediately above the title on each of these forms. After the "supplemental" forms have been prepared as provided below, the entries thereon shall be summarized and entered on a Form 867-C which shall be identified by entering the word "Master" immediately above the title. These "supplemental" forms and the "Master" form shall be prepared as follows:

a. "Supplemental" forms

(1) Heading

Complete the heading in the usual manner (see subsection C of this Section.)

(2) Boxes

Boxes A and B: Enter the reported acreage and the measured acreage respectively, for the part of the insurance unit covered by the "supplemental" form.

Box C: Complete this box in the usual manner.

Box D: Enter the insured interest in the acreage covered by the "supplemental" form, determined in accordance with the instructions for Box D in subsection C of this Section.

Boxes E and F: Complete these boxes in the usual manner.

(3) Part I

Enter all the data applicable to the acreage covered by the "supplemental" form. These data shall be entered in accordance with the applicable instructions in subsection C of this Section.

(4) No other entries shall be made on the "supplemental" forms.

b. "Master" form

(1) Heading

Complete the heading in the usual manner (see subsection C of this section).

(2) Boxes

Boxes A and B: To obtain the entry for each of these boxes for the "master" form, add the entries appearing on the "supplemental" forms for that box and enter the sum thereof on the "master" form.

Box C: Complete this box in the usual manner.

Box D: Enter the word "Varying."

Boxes E and F: Complete these boxes in the usual manner.

(3) Part I:

To obtain each of these items for the "master" form, add the entries appearing on the "supplemental" forms for that item and enter the sum thereof on the "master" form.

(4) Complete the "master" form in accordance with the instructions in subsection C of this Section. It will not be necessary for each "supplemental" form to be signed.

2. Where different coverages have been established for parts of the insurance unit

A separate Form 867-C shall be prepared for the acreage of cotton on each part of the insurance unit for which a different coverage per acre has been established. (For example: If a coverage of 100 lbs. has been established for one tract and a coverage of 140 lbs. for another tract on the same insurance unit and there is an acreage of cotton on each of the tracts, one Form 867-C shall be prepared for the acreage on the tract with a 100 lb. coverage and another Form 867-C shall be prepared for the acreage on the tract with a 140 lb. coverage. However, if the insured has different shares in parts of the cotton acreage on either tract, a separate Form 867-C shall be prepared for each acreage of cotton in which the insured has a different share, rather than one Form 867-C for the tract. The word "supplemental" shall be written immediately above the title on each of these forms. After the "supplemental" forms have been prepared as provided below, the entries thereon shall be summarized and entered on a Form 867-C which shall be identified by entering the word "master" immediately above the title.

The above instructions are also applicable in Lubbock County, Texas where an insurance unit may include acreage which is insured on an irrigated basis and acreage which is insured on a non-irrigated basis. The acreage which is insured on an irrigated basis and on a non-irrigated basis will have been determined in accordance with separate instructions issued by the Corporation and will appear on Form 819-C properly identified by the symbols "I" and "NI".

These "supplemental" forms and the "master" form shall be prepared as follows:

a. "Supplemental" forms

(1) Heading

Complete the heading in the usual manner (see subsection C of this Section) Except that the insurance unit identification shall where possible identify only the part of the insurance unit covered by the "supplemental" form.

(2) Boxes

Boxes A and B: Enter the reported acreage and measured acreage respectively, for the part of the insurance unit covered by the "supplemental" form.

Box C: Enter the coverage and rate area number applicable to the part of the insurance unit covered by the "supplemental" form. In Lubbock County, Texas, the appropriate symbol "I" or "NI" indicating irrigated or non-irrigated acreage shall also be entered in Box C immediately following the coverage and rate area number.

Box D: Complete this box in the usual manner, except where paragraph 1 of this subsection is applicable.

Boxes E and F: Complete these boxes in the usual manner.

(3) Part I:

Enter all the data applicable to the acreage covered by the "supplemental" form. These data shall be entered in accordance with the applicable instructions in subsection C of this Section.

(4) No other entries shall be made on the "supplemental" forms.

b. "Master" form

(1) Heading

Complete the heading in the usual manner (see subsection C of this Section).

(2) Boxes

Boxes A and B: To obtain the entry for each of these boxes for the "master" form add the entries appearing on the "supplemental"

forms for that box and enter the sum thereof on the "master" form.

Box C: Enter the word "varying".

Box D: Complete this box in the usual manner, except where paragraph 1 of this subsection is applicable, in which case the word "varying" shall be entered.

Boxes E and F: Complete these boxes in the usual manner.

(3) Part I

To obtain each of these items for the "master" form add the entries appearing on the "supplemental" forms for that item and enter the sum thereof on the "master" form.

- (4) Complete the "master" form in accordance with the instructions in subsection C of this Section. It will not be necessary for the "supplemental" forms to be signed.

3. Where there has been a transfer of interest in the insured crop on the insurance unit.

The Regulations provide that in the event of a transfer of interest, the Corporation shall not be liable for a greater indemnity than would have been paid had the transfer not taken place.

a. Transfer of all or a part of the insured interest in all of the insured acreage on the insurance unit.

Prepare Form 867-C in the usual manner, except that the name of the insured and the insured interest (box D) shall be determined on the basis of the insured interest of the original insured and the information shown on FCI-21, "Record of Transfer."

b. Transfer of all the insured interest in a part of the insured acreage on the insurance unit.

- (1) If neither paragraph 1 nor paragraph 2 of this subsection applies and only one transfer has been made:

(a) Draw a vertical line through the center of columns A, B, and D.

(b) To the left of the vertical line enter the data for the entire insurance unit.

(c) To the right of the vertical line enter the data for one of the following: (1) If the transferee is submitting the claim, enter the data for the acreage transferred, or (2) if the transferor is submitting the claim, enter the data for the acreage not transferred.

(d) Otherwise prepare the Form 867-C in the usual manner.

- (2) If neither paragraph 1 nor paragraph 2 of this subsection applies, and two or more transfers have been made:

- (a) Prepare a Form 867-C for each individual (transferor and transferee) who has an insured interest under the contract at the time of loss. These forms shall be prepared in the usual manner except that the words "Transfer of Interest - data for a part of the insurance unit," shall be entered above the title.
 - (b) Prepare a Form 867-C covering the entire insurance unit. The words "Transfer of Interest - data for entire insurance unit" shall be entered above the title of the form. It should be prepared as if no transfer of interest had taken place and should be completed only through Part I.
 - (c) All forms 867-C prepared for the parts of the insurance unit as well as one prepared for the entire insurance unit shall be submitted together to the Director.
- c. Where there is a transfer of part of the insured interest in a part of the insured acreage on the insurance unit, or where there is one or more transfers and paragraph 1 or paragraph 2 of this subsection applies to the original insured.
 - (1) Prepare a Form 867-C for:
 - (a) The insured acreage on the insurance unit for each transferor or transferee (and, where applicable, each acreage of the insured crop on the insurance unit on which each such person has a different share or for which a different coverage per acre has been established.
 - (b) If more than one Form 867-C is prepared for the same insured, a "master" Form 867-C shall be prepared consolidating such data.
 - (c) The entire insurance unit as if no transfer has taken place.
 - (2) Prepare these Forms 867-C in accordance with the instructions contained in paragraph 3b (2) above.
- 4. Where the insured commingles production from two or more insurance units and fails to maintain acceptable records of production for each insurance unit and all the acreage from which production is commingled is insured.
 - a. Prepare Form(s) 867-C for each insurance unit in accordance with subsection C of this Section, or paragraphs 1, 2, or 3 of this subsection, whichever is applicable, except as follows:
 - (1) In addition to any identification of the form as required above, enter the words "Part of a combination" immediately above the title on each of these forms.
 - (2) Enter the word "Commingled" in item 4, column B on each of these forms.
 - b. Prepare a Form 867-C consolidating the data for all of the insurance units in accordance with paragraph 1, 2, or 3 of this subsection, whichever is applicable, except as follows:

- (1) Enter the words "Master - Combination" immediately above the title on this form.
- (2) The identification of all insurance units involved shall be entered in the space provided.
- (3) Delete the word "Reported" over Box A and insert above the deletion the word "Insured."
- (4) Enter in box A the sum of the insured acreages for all the insurance units involved. (The insured acreage for each insurance unit is the smaller of the entry in box A and the entry in box B on the form prepared for the entire insurance unit.)
- (5) Enter in item 4, column B, all of the commingled production.

E. Other Unusual Cases

If a case arises which because of some special circumstance is meritorious but which is not specifically covered by this procedure, or if the application of this procedure results in an undue hardship on the insured, the case should be submitted in accordance with General Procedure 4.

F. Cases Where Insured and Adjuster Cannot Agree

If the insured and the adjuster cannot agree on the settlement of a loss claim the case shall be referred to the Supervisor. If the insured and the Supervisor cannot agree, two Forms 867-C shall be prepared, one showing the data submitted by the insured and signed only by him, and the other showing the data determined by the Supervisor and signed only by him. The Supervisor shall submit both forms to the Director in accordance with General Procedure 4. If the insured does not file his Form 867-C he shall be advised by the Supervisor that such form 867-C must be filed not later than 60 days after time of loss. Every effort should be made to handle these cases as promptly and speedily as possible.

G. Transmitting Forms 867-C to the Director

The adjuster shall forward daily to the Director all copies of all completed Forms 867-C. All copies of any statement(s) of facts prepared as provided in this procedure shall be attached to the related Form 867-C when it is forwarded to the Director.

SECTION V. SUSPENDED, CORRECTED OR DELAYED LOSS CLAIMS

A. Corrected Forms 867-C

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In cases where a Form/-C has been transmitted to the Director, and it is necessary to make a material change in the data appearing on such form, a corrected Form 867-C shall be prepared and submitted to the Director. However, any corrected claim amounting to less than five dollars additional indemnity shall not be submitted, as such claim will not be approved. The adjuster shall attach a memorandum, in triplicate, to the corrected Form 867-C fully explaining the reason(s) for such correction(s). The corrected Form 867-C shall be plainly marked "corrected" in the heading thereof.

It will not be necessary to prepare a corrected Form 867-C if settlement has been made on a lesser amount of indemnity than that determined on the basis of the basic data submitted and the insured is requesting the additional amount.

B. Delayed Notice of Loss

The Regulations contain a provision requiring the insured to submit a notice of loss to the county office immediately after the completion of harvest if a loss has been sustained. There is further provision in the Regulations that if notice is not given within 15 days after harvest is completed the Corporation reserves the right to reject any claim for indemnity. This provision is essential in order that inspections may be made while the facts can best be determined.

In making each inspection after the time of loss, the adjuster shall determine the time of loss on the insurance unit as set forth in Section III, B, hereof and compare this date with the date the insured gave notice of the loss at the county office, as shown on Form 8.

- (1) If this notice was given within 15 days after the time of loss the case shall be handled in the usual manner.
- (2) If the notice of loss was given more than 15 days after the time of loss but in sufficient time that a Statement in Proof of Loss could be filed within the 60-day period after the time of loss, the insured shall be informed of the requirement of the Regulations set forth above for giving notice within 15 days after the time of loss. The adjuster shall request the insured to submit along with the Statement in Proof of Loss, if one is filed, a statement showing the reasons for the delay in filing a notice of loss at the county office. In these cases, the adjuster shall submit a statement, in triplicate, showing (a) the portion of the acreage on which the cotton stalks were still standing at the time of inspection, (b) whether the adjuster was able to accurately determine the actual acreage, (c) the method used in determining the actual production, (d) whether the adjuster is entirely satisfied that all production was accounted for, (e) whether the adjuster feels certain that he is able to ascertain the extent of any uninsurable cause of loss and the method of making per acre appraisals for such causes, (f) in what respect the evidence with regard to acreage and production is or is not as satisfactory as it would have been if the notice had been submitted within 15 days, and (g) any other facts which the adjuster considers pertinent to the case.
- (3) Where it is evident when the adjuster receives Form 8 that it will not be possible for the insured to submit the Statement in Proof of Loss within the 60-day period after the time of loss, he should act under existing instructions from the state director in such cases or request instructions from the state director as to whether he should make an inspection.

Where it is not evident at the time the adjuster receives the Form 8 that it is too late for the insured to file a Statement in Proof of Loss within the 60-day period after the time of loss, but he finds upon inspection that the notice was given too late to permit the inspection to be made and the Statement in Proof of Loss to be filed within this period, the adjuster shall make the inspection, prepare the inspection report and obtain from the insured a written statement as to the reasons for the delay in filing the notice of loss, and submit the case to the state director for consideration without preparing a Statement in Proof of Loss. However, if the

insured insists upon filing a Statement in Proof of Loss in cases of this kind, he should be permitted to do so but he should be informed of the 15-day provision for reporting loss to the county office and the 60-day provision for filing Statements in Proof of Loss, but the adjuster should not sign these Statements in Proof of Loss indicating his approval.

C. Delayed Forms 867

The Regulations provide that the Statement in Proof of Loss shall be submitted not later than 60 days after the time of loss, unless the time for submitting the claim is extended in writing by the Corporation. This 60-day period will not be extended except in the most meritorious cases. Where a Statement in Proof of Loss is submitted more than 60 days after the time of loss as set forth in Section IV, A, 1, c, hereof the adjuster shall request the insured to submit along with the Statement in Proof of Loss a statement showing the reasons for the delay in order that a determination may be made as to whether the extension is to be granted.

In these cases, the adjuster shall submit a statement in triplicate, showing (a) the portion of the acreage on which the cotton stalks were still standing at the time of inspection, (b) whether the adjuster was able to accurately determine the actual acreage, (c) the method used in determining the actual production and per acre appraisals, (d) whether the adjuster is entirely satisfied that all production was accounted for, (e) whether the adjuster feels certain that he is able to ascertain the extent of any uninsurable cause of loss and the method of making per acre appraisals for such causes, (f) in what respect the evidence with regard to acreage and production is or is not as satisfactory as it would have been if the notice had been submitted within 60 days, and (g) any other facts which the adjusters considers pertinent to the case.

SECTION VI. SETTLEMENT OF LOSS CLAIMS

The adjuster shall advise the insured that any claim for indemnity submitted in accordance with the Regulations and applicable procedures will be paid by the issuance of a check by the Corporation payable to and mailed to the person(s) entitled to such payment under the Regulations.

SECTION VII. DISTRIBUTION OF FORMS

The following distribution shall be made of the forms used in this procedure:

A. Form 8-Rev.

The State Director's copy shall be forwarded to the Director.

The adjuster's copy shall be forwarded to the other Corporation representative designated by the Director.

The county office copy shall be retained in the county office and filed in a temporary file until the county office copy of Form 867-C is received or it is determined that no loss has occurred, after which it shall be filed in the insured's folder.

The insured's copy shall be forwarded to the insured.

B. Form 863-C

The state office copy shall be forwarded to the Director.

The insured's copy shall be given to the insured at the completion of the inspection.

The county office copy shall be filed in the insured's crop insurance folder on file in the county office.

C. Form 867-C

The adjuster shall forward all copies of Form 867-C, including the insured's copy, to the Director.

After a review thereof has been made by the Corporation, the insured's copy will be mailed to him, the state office copy will be filed in the related folder, and the county office copy will be forwarded to the county office for filing in the insured's crop insurance folder after any necessary corrections in the premium as are indicated at the bottom of Form 867-C are made on county office records of the insured's premium account.

D. Form FCI-15, "Transmittal Sheet"

Form FCI-15 will be prepared by the Director. The branch office copy shall be forwarded to the branch office together with all copies of Form 867-C and attachments unless the Director is instructed otherwise. The county office copy shall be forwarded to the county office. The state office copy shall be retained and filed in the state office.

